

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

September 7, 2004
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Noble, and Councilmembers Balducci, Chelminiak, Davidson, Degginger, and Lee¹

ABSENT: None.

1. Executive Session

Deputy Mayor Noble opened the meeting at 6:00 p.m. and announced recess to Executive Session for approximately 45 minutes to discuss one item of labor negotiations, one item of potential litigation, and one item of pending litigation.

The meeting resumed at 6:50 p.m. with Mayor Marshall presiding.

2. Study Session

(a) Lake Hills Neighborhood Identity Treatments

City Manager Steve Sarkozy opened discussion regarding proposed locations and identity treatments for the Lake Hills neighborhood.

Cheryl Kuhn, Neighborhood Outreach Manager, recalled that neighborhood identity treatments and gateways were identified as a priority through the West Lake Hills Neighborhood Investment Strategy. The West Lake Hills Citizen Advisory Committee recommended the City create a visual theme or symbol reflecting the area's dominant asset (the natural environment) and incorporate the theme into public projects including community gateways. Ms. Kuhn explained that Council previously approved three years of funding in the Capital Investment Program (CIP) Plan for community gateways. More recently, Council approved the use of the first year of funding for the West Lake Hills neighborhood.

Ms. Kuhn described the public process to involve residents in identifying the types of community identity treatments they would like. Two community meetings were held as well as a neighborhood identity photo contest and survey.

¹ Councilmember Lee attended the Executive Session only.

Emil King, Associate Planner, reviewed the guiding principles used in the process to select the neighborhood identity locations:

1. Select prominent locations and design them in a consistent manner to visually tie the neighborhood together.
2. Make the treatments a strong and visible part of the streetscape, within the public right-of-way.
3. Design the treatments for a range of users (motorists, pedestrians, bicyclists).
4. Reflect a theme based on the unique characteristics of Lake Hills.
5. Display a sense of quality and permanence.
6. Ongoing maintenance costs should be a key consideration.

Mr. King said 20 locations were considered and six preferred locations have been identified:

- 148th Avenue NE, north of Main Street – Entry signage in median with landscaping treatment.
- 148th Avenue SE at SE 20th Street – Entry signage with landscaping treatment.
- 148th Avenue SE at Lake Hills Boulevard – Seating area, landscaping, identity feature.
- 145th Place SE and Lake Hills Boulevard – Entry signage with landscaping.
- Greenbelt trail at Lake Hills Boulevard (near library) – Seating area, arbor, landscaping, artwork.
- 156th Avenue SE and SE 16th Street – Entry signage, seating, arbor or trellis, artwork, and possible improvements to produce stand.

Staff members have visited neighboring cities to see examples of identity treatments.

Deputy Mayor Noble said he expected the gateway treatments to be placed along the perimeter of the Lake Hills neighborhood. Mr. King said some of the treatments are gateways from main arterials while others are internal identity treatments designed to be consistent with the gateway treatments. He noted the challenge of determining where to draw the border between Lake Hills and the Crossroads area along 156th Avenue. Ms. Kuhn said there was a fair amount of consensus among residents regarding which locations were most appropriate.

Mr. Degginger expressed support for staff's proposal, which he characterized as more of a neighborhood identity project than a gateway project. He feels the treatments will foster a sense of community ownership among residents.

- (b) Interlocal Agreement with Bellevue Community College establishing the Television Facilities Management Committee for the Management and Joint Use of Television Production Equipment and Facilities, and amending the appropriation to the 2003-2004 Franchise Fund by \$450,000 to reflect an upfront capital contribution from Comcast Cable. *(Discussion item. With Council concurrence, action on the Interlocal Agreement will be scheduled for September 20.)*

David Kerr, Franchise Manager, explained that the current interlocal agreement with Bellevue Community College for the joint use of television and video production equipment and facilities expires in October. The proposed replacement interlocal agreement provides \$332,000 for equipment needs at BCC. The City will establish a capital replacement reserve in 2005 using existing unallocated franchise fee revenues.

Mike Talbot, Dean of Information Resources (BCC), praised the mutually beneficial 10-year partnership between BCC and the City. He highlighted the following points:

- The City and BCC staff have assisted each other with major productions, which provides cost savings and operational efficiencies.
- The partnership provides educational opportunities for BCC students.
- Students provide non-paid production work.
- The City and BCC share two television studios, five video editing suites, five graphic work stations, a common cable distribution, and field production equipment.
- BCC's television facilities are currently being remodeled.
- BCC's facilities provide the capability to download training programming to City locations.

Mr. Kerr said the interlocal agreement will be presented for Council action on September 20.

Responding to Mr. Degginger, Mr. Kerr said some of the equipment is jointly owned by the City and BCC and other equipment is owned individually by one of the government entities. BCC will own the equipment to be purchased by the City for \$332,000. If the agreement is ever terminated, the equipment would be split between the City and BCC.

Responding to Deputy Mayor Noble, Mr. Kerr said the capital replacement reserve fund and the equipment maintenance, repair, and replacement fund are two separate funds. The capital reserve fund will be established in 2005 for the future replacement of equipment to be purchased under the new agreement (\$332,000). The second fund is an ongoing account that has been in existence for the maintenance and replacement of less expensive equipment and supplies.

Mr. Chelminiak expressed support for the partnership, which provides valuable services for the City and its citizens at a low cost. Mayor Marshall concurred.

(c) Analysis of the City's Insurance Requirements for Contracts

Mr. Sarkozy recalled previous Council discussion regarding the City's contract insurance requirements during the June 28 Extended Study Session.

Finance Director Jan Hawn explained that the City Manager initiated a review of contracting policies and practices in 2002. As a result, the purchasing manual was updated to clarify contracting policies. A subsequent internal review of the City's standards included a comparison to the practices of other cities. Standards were found to vary widely and staff felt additional study was needed. ARM Tech was hired to provide assistance in the areas of risk management and insurance. Initial recommendations were presented to Council on June 28.

Ms. Hawn said the purpose of tonight's discussion is to address standard insurance requirements as well as exceptions to standard requirements. The City enters into approximately 1,600 contracts per year. An average of five claims are filed per year against the City related to contractor activities with an average annual loss of \$58,000. ARM Tech concluded that the City's current standard insurance requirements are generally appropriate to the risks covered, provide prudent protection, and are similar to the limits of other public entities. The City's practices provide a reasonable and reliable method to verify contractor compliance. In most cases, the standard requirements appropriately transfer the risk to contractors. The review found that the risk manager appropriately seeks input from the City's broker for atypical contracts. The consultants recommend the City update and simplify its insurance requirements.

In reference to atypical contracts, the consultants recommend the City require special additional coverage in unusual situations. They concluded that coverage of \$1 million per claim/\$1 million aggregate is appropriate for most professional liability contracts (i.e., architects, attorneys, engineers, accountants). Pollution liability coverage related to asbestos should be required only on contracts in which significant asbestos remediation or removal is to take place. Contracts involving excavation within 10 feet of the Olympic pipeline should be reviewed by the City's risk manager to determine the need for pollution liability coverage. The consultants recommend the City require a Jones Act coverage endorsement for contracts involving the use of watercraft. The report notes that the City's builders risk is appropriately required based on the value of individual contracts. Additional recommendations include developing a contracts manual and conducting periodic audits.

Ms. Hawn said staff is prepared to move forward with implementing the recommendations if Council concurs. She feels the recommendations represent a good balance between protecting the City's interests and providing an accessible system for local businesses. An update to the purchasing code is scheduled for October.

Responding to Mr. Degginger, Michael Kaddatz (ARM Tech) said the review looked at insurance requirements for a number of cities and water districts including Bellingham, Kirkland, Longview, Redmond, Richland, Spokane, and University Place.

Mr. Degginger questioned the rationale for the recommendation regarding policy deductibles and wondered if this should apply to self-insured retention (SIR)² as well. He noted a recent situation in which a contractor with a high SIR level was having difficulty meeting its obligations. Mr. Kaddatz said the recommendation applies to deductibles only. He said the City does not need to be concerned about a contractor's deductible because the insurance carrier for a contractor will cover any losses directly to the City. The insurance carrier will then collect reimbursement of any deductible from the insured contractor. In the case of self-insured retention, however, if a loss occurs the insurance company has no obligation to cover the first level of the loss. Mr. Kaddatz clarified the recommendation that the City require contractors to declare SIR levels prior to acceptance of the contract by the City.

² Self-Insured Retention (SIR): That portion of pure risk an insured undertakes to handle on his or her own.

Responding to Deputy Mayor Noble, Ms. Hawn said one example of contract work on navigable waters is the recent repair to a pipeline in Lake Washington.

Responding to Ms. Balducci, Mr. Kaddatz confirmed the consultants recommend eliminating the requirement for a contractor to continue coverage for up to three years after project completion to cover potential losses related to a defect in the project work. The consultants concluded the requirement is difficult to enforce and does not materially enhance the City's position to seek recovery for damages.

Responding to Mr. Degginger, Mr. Kaddatz agreed that pollution liability coverage should be extended for all contracts involving significant excavation and underground work (e.g., sewage lines).

3. Discussion

- (a) Application of Michael Taylor (Botch Holdings LLC) for a rezone of 1.03 acres from R-4 to R-7.5 at 1319 Bellevue Way SE. File No. 04-109195LQ. *(This site was the subject of a Comprehensive Plan amendment in 2003. The proposed rezone brings zoning into conformity with the Comprehensive Plan.)*

Mayor Marshall said Council action on the rezone application of Michael Taylor (Botch Holdings) is scheduled for September 20. There was no Council discussion.

At 7:56 p.m., Mayor Marshall declared recess the Regular Session.

Myrna L. Basich
City Clerk

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